



# DoD Business Transformation

***Meeting the Security Challenges of  
the 21<sup>ST</sup> century***

Defense Acquisition University

# The Need for Transformation

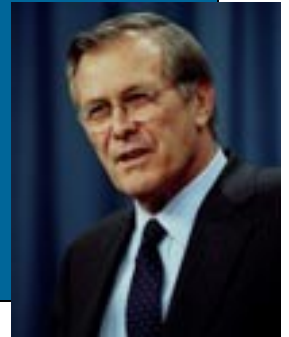


**“The United States will ... transform America’s national security institutions to meet the challenges and opportunities of the twenty-first century.”**

**President George W. Bush,  
September 2002**

**“The Department currently is pursuing transformational business and planning practices such as adaptive planning, a more entrepreneurial, future-oriented capabilities-based resource allocation process, accelerated acquisition cycles built on spiral development, out-put based management, and a reformed analytic support agenda.”**

**Secretary of Defense Donald Rumsfeld,  
Transformation Planning Guidance  
April 2003**



# Acquisition Decision Support Systems In Transformation

CJCS 3170.01C  
24 June 03

**Joint Capabilities  
Integration &  
Development  
System (JCIDS)**  
*VCJCS/Service  
Chief Oversight*

*Revolutionary*

MID 913 PPBS to PPE  
22 May 03

*Evolutionary*

**Defense  
Acquisition  
System**  
*Milestone Decision  
Authority (MDA)  
Oversight*

**Planning,  
Programming,  
Budgeting &  
Execution Process  
(PPBE)**  
*DEPSECDEF  
Oversight*

*Emerging*

DoD 5000 Series  
12 May 03 Revision

# Previous Requirements, Acquisition, and Planning, Programming & Budgeting Process

## Requirements

- **Service, not Joint focused**
- **Joint warfighting needs not prioritized**
- **Systems not necessarily integrated**
- **Duplication existed, particularly in smaller programs**
- **Evolutionary Acquisition not well institutionalized**

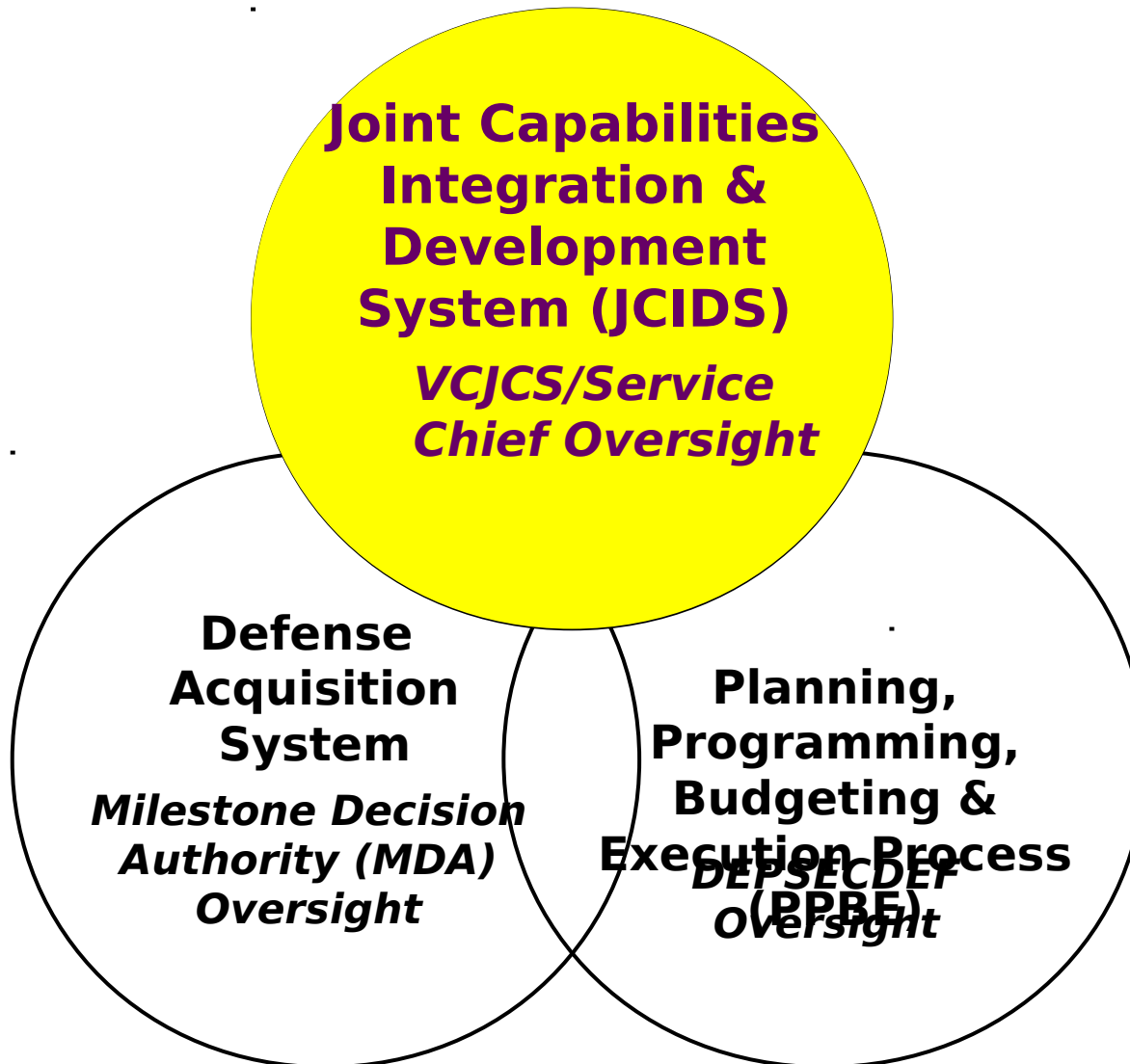
## Acquisition

- **Policies overly prescriptive**
- **Acquisition environment did not foster efficiency, creativity and innovation**
- **Evolutionary Acquisition not well institutionalized**

## PPBS

- **Strategic planning process did not drive identification of needs for military capabilities**
- **Imposed fiscal discipline but did not integrate strategy into a coherent defense program**

# Acquisition Decision Support Systems In Transformation



# **JCIDS Instruction and Manual**

**Developed in conjunction with DoD 5000**

## **CJCSI 3170.01D**

- **Top-level description**
- **Organizational responsibilities**

## **CJCSM 3170.01A**

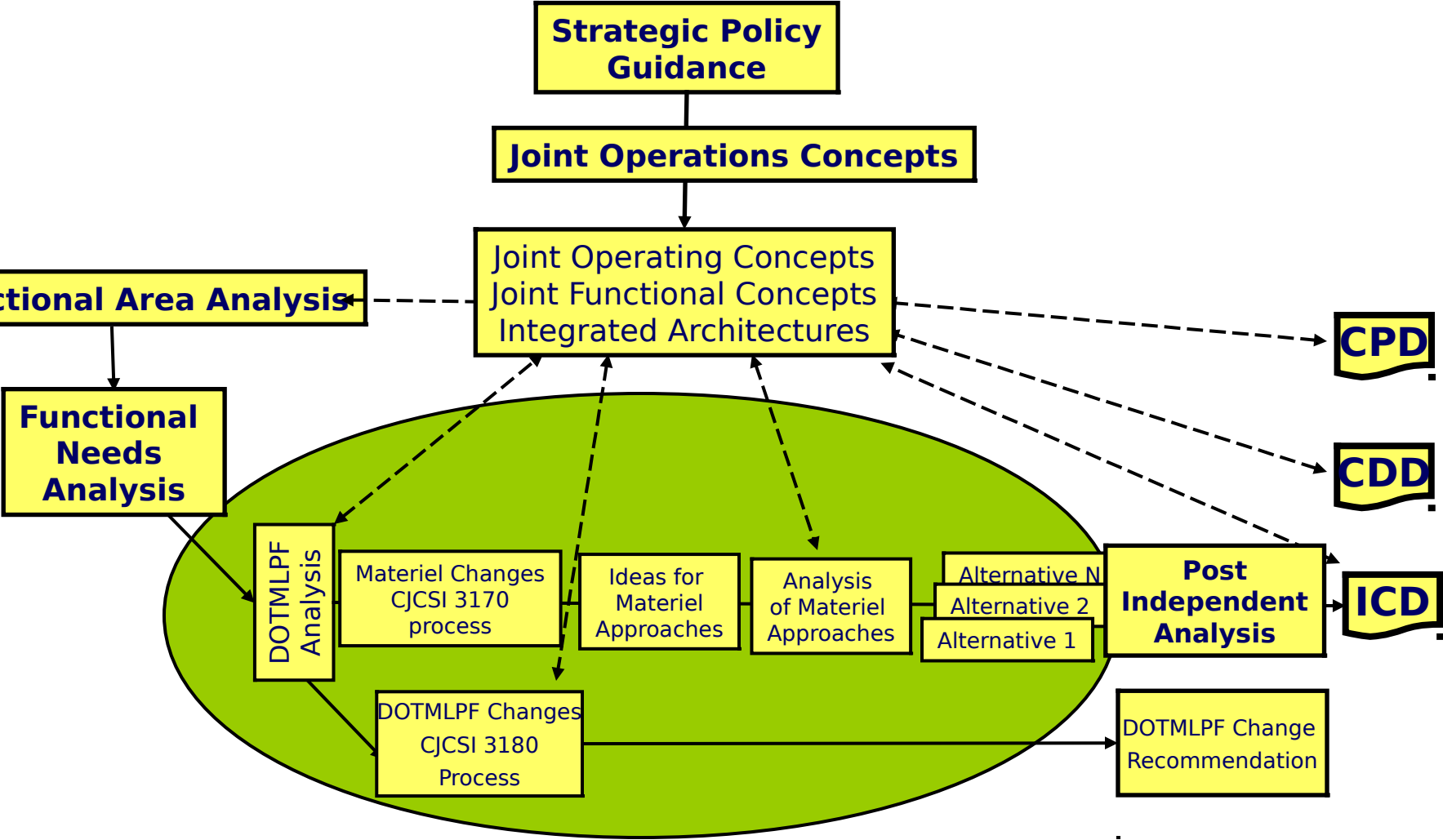
- **JCIDS Analysis Process**
- **Define performance attributes & key performance parameters**
- **Validation & approval process**
- **Document content**

# **Joint Capabilities Integration and Development System**

## ***Summary of Changes***

- Enhance methodology to identify and to describe capabilities gaps
- Engage the acquisition community earlier
- Better define non-materiel aspects of materiel solutions
- Prioritize capability gaps and proposals
- Improved coordination with other departments and agencies
- Mandate broader review of capability proposals

## JCIDS Analysis





# Functional Capabilities Boards

## Responsibilities

- Ensure new capabilities are conceived and developed in joint warfighting context
- Ensure JCIDS proposals are consistent with integrated joint force
- Organize, analyze & prioritize capabilities proposals
- Oversee development and update of Functional Concept(s)
- Ensure integrated architectures (as available) reflect functional area

## Status

- **6 Chartered by JROC:**
  - **Command & Control (JFCOM);**
  - **Battlespace Awareness (J2);**
  - **Force Application (J8);**
  - **Focused Logistics (J4)**
  - **Protection (J8)**
  - **Net-Centric (J6)**

***More Efficient Use of Scarce Department***

# Oversight Body Comparison

## Joint Requirements Panel (JRP)

- Services
- DIA Representative (Intelligence Supportability)

## Functional Capabilities Board (FCB)

- Services
- Combatant Commanders
- USD (AT&L)
- USD (I)
- USD(C)
- USecAF (Space)
- ASD NII/ DOD CIO
- D, PA&E
- DIA Representative (Intelligence Supportability)
- Mission requirements board Executive Secretary
- Advisory Membership
  - J-6E/I (Interoperability Advisor)
  - J-8 Warfighting Concepts and Architectures Integration
  - DOD Laboratories & Industry

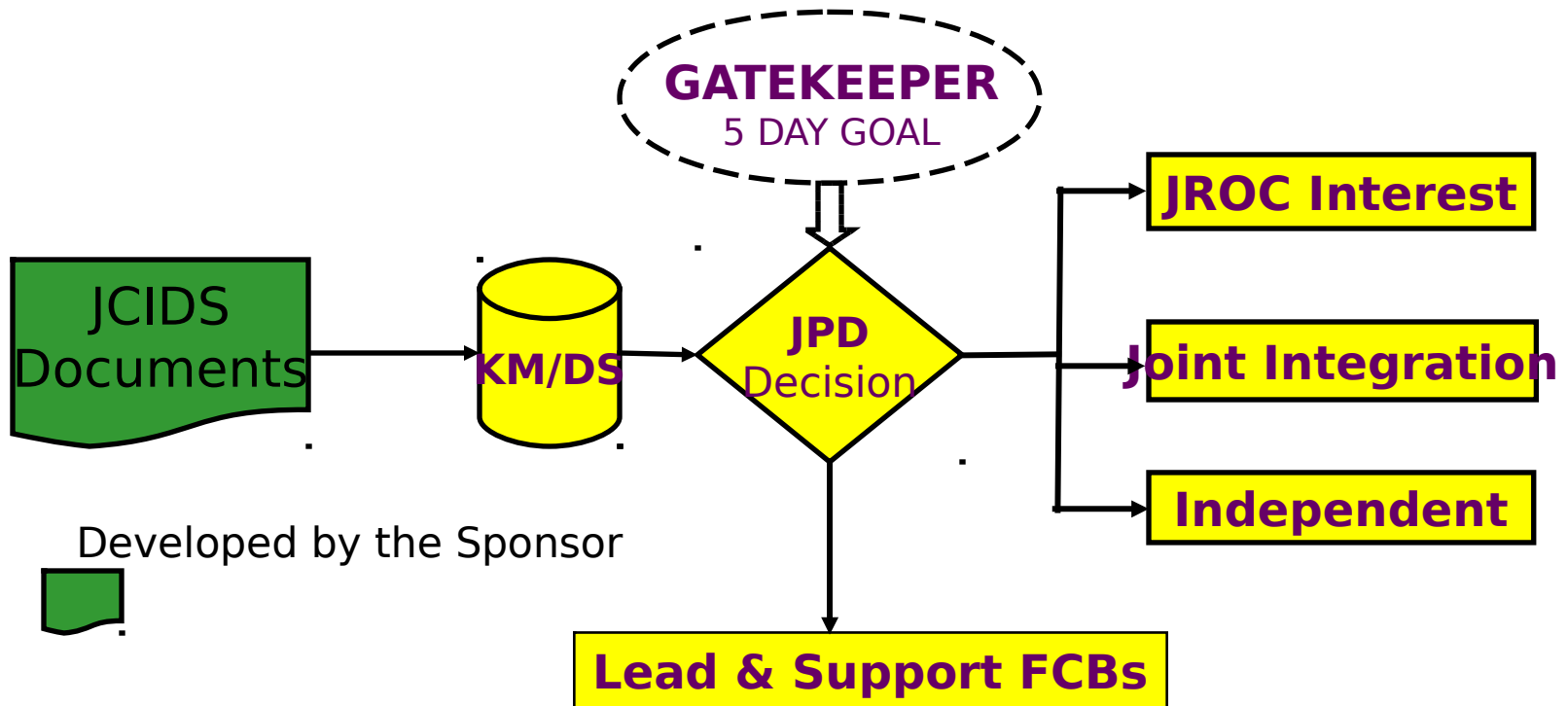
## Joint Requirements Board (JRB)

## Joint Capabilities Board (JCB)

## Joint Requirements Oversight Council (JROC)

## Joint Requirements Oversight Council (JROC)

# Gatekeeping Process



KM/DS - Knowledge Management/Decision Support Tool  
JPD - Joint Potential Designator

***GATEKEEPER Receives All Capabilities Documents (ICD, CDD, CDD)***

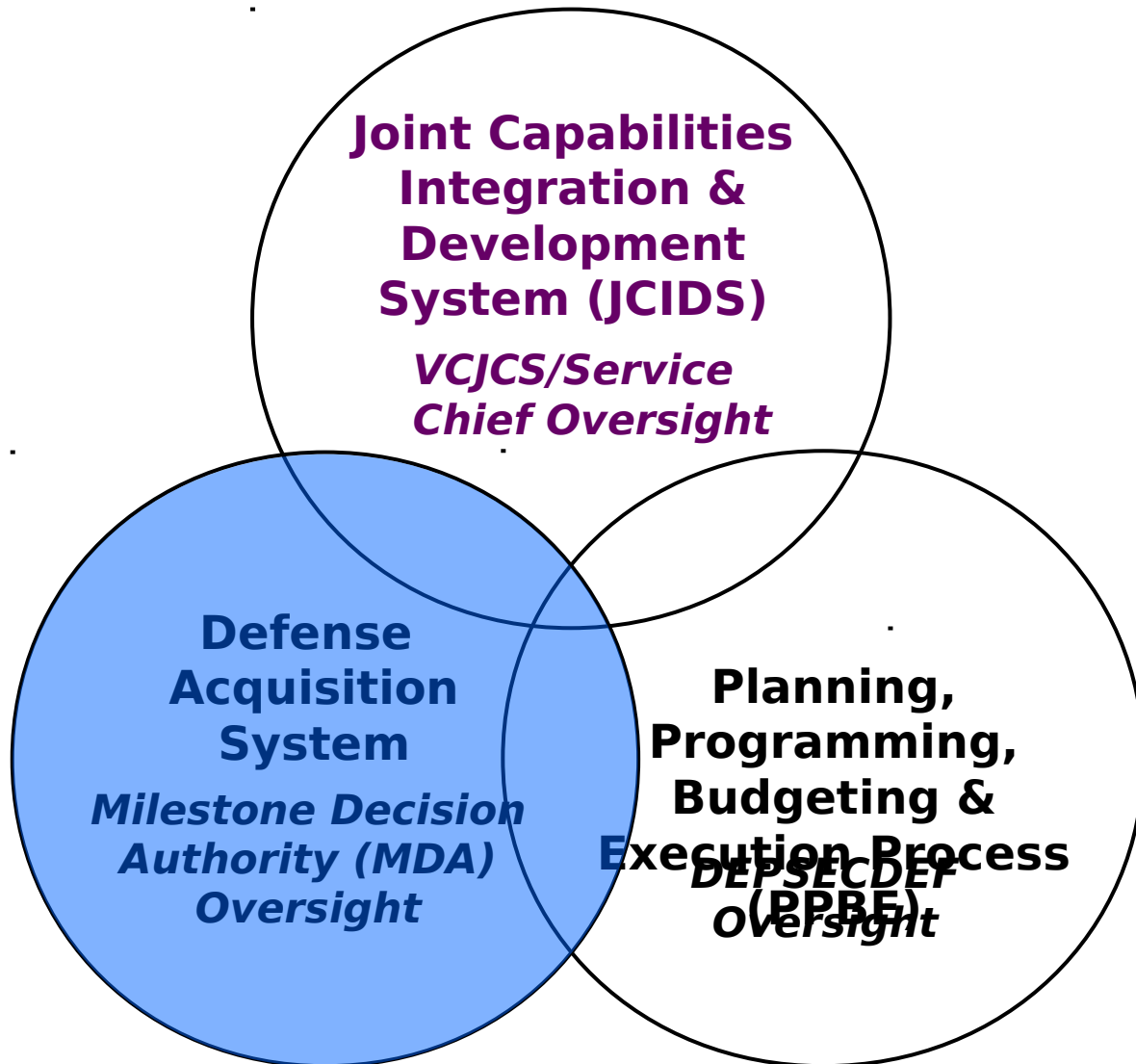
# JCIDS Documents

- Initial Capabilities Document (ICD)
  - **Replaces MNS**
  - Identifies a capability gap or other deficiency
  - Describes evaluation of DOTMLPF approaches
  - Support Analysis of Alternatives (AoA), Concept Refinement and Milestone A
  - Not updated once approved
- Capability Development Document (CDD)
  - **Replaces ORD at Milestone B**
  - Identifies operational performance attributes of proposed system
  - System specific, applies to single increment (in an evolutionary program)
  - Results from Technology Development and supports Milestone B
  - Updated or rewritten for subsequent increments

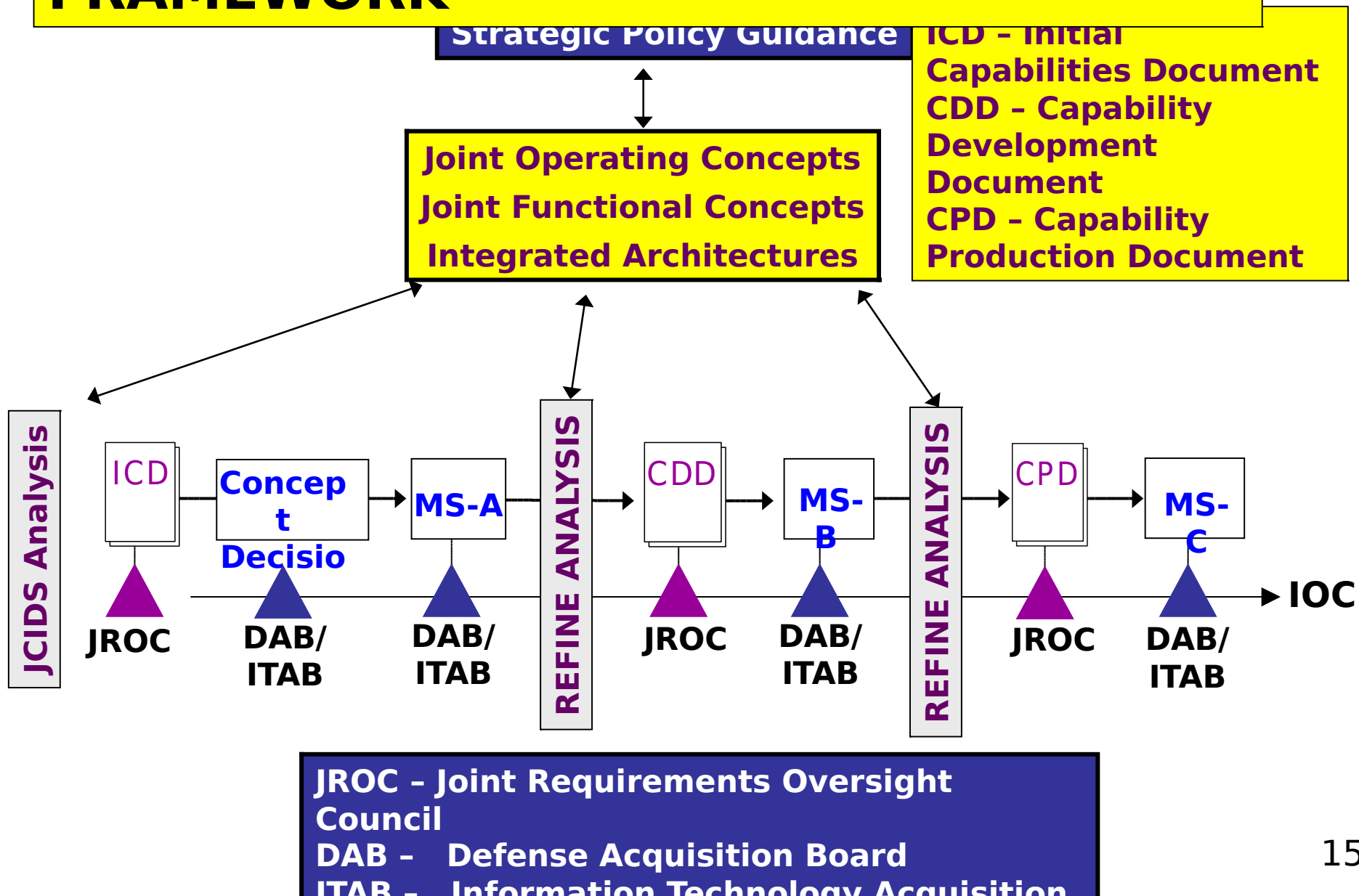
# JCIDS Documents (cont'd)

- Capability Production Document (CPD)
  - **Replaces ORD at Milestone C and FRPDR**
  - Identifies production attributes for a single increment of a program
  - Prepared during System Development and Demonstration
  - Rewritten for each increment in an evolutionary program
- Capstone Requirements Document (CRD)
  - **No Near Term Change**
  - Describes overarching thresholds/goals and standards in functional areas
  - Useful for family-of-systems or system-of-systems approaches
  - Developed only at JROC direction
  - Eventually will be replaced by integrated architectures

# Acquisition Decision Support Systems In Transformation



# JCIDS TIES TO THE DEFENSE FRAMEWORK



# DoD Leadership's Intent For DoD 5000 Revision



***“....create an acquisition policy environment that fosters efficiency, flexibility, creativity, and innovation.”***

***DEPSECDEF Paul Wolfowitz, 30 Oct***

***2002***

## ***Revised Policy Objectives***

- Encourage innovation and flexibility
- Permit greater judgment in the employment of acquisition principles
- Focus on outcomes vice process
- Empower PM's to use the system vice being hampered by over-regulation



# Deputy Secretary of Defense Direction

- Canceled existing policies
- Issued interim guidance
- Directed rapid preparation of revised documents



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301-1000

OCT 30 2002



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL, DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, NET ASSESSMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Defense Acquisition

I have determined that the current DoD Directive 5000.1, "The Defense Acquisition System," DoD Instruction 5000.2, "The Operation of the Defense Acquisition System," and DoD 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs," require revision to create an acquisition policy environment that fosters efficiency, flexibility, creativity, and innovation. Therefore, by separate memorandum, I have cancelled those documents effective immediately.

By this memorandum, I am issuing the attached interim guidance in place of the cancelled documents. The intent of the guidance is to rapidly deliver affordable, sustainable capability to the warfighter that meets the warfighter's needs. Additional, supporting discretionary, best practices, lessons learned, and expectations have been posted to the DoD 5000 Resource Center at <http://dod5000.dau.mil>.

I am directing the Under Secretary of Defense for Acquisition, Technology, and Logistics, with the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Director, Operational Test and Evaluation, to jointly prepare revised documents within 120 days.

Attachments:  
As stated

U16167-02

# Streamlined Policy

- DoD Directive 5000.1
  - Principles retained; innovation/flexibility emphasized
- DoD Instruction 5000.2
  - Detailed discussion of acquisition model
  - Focused on required outcomes and statutory requirements
- DoD Acquisition Guidebook
  - Canceled DoD Regulation 5000.2; characterized as non-mandatory
  - Content will be:
    - Expectations (TEMP, C4ISP, etc.)
    - Best Practices
    - Lessons Learned
  - Guidance on practice and procedure
  - Information retained; available to workforce on Internet
  - Revision underway

# **Revised Policy Objectives**

- **Streamline**
- **Increase Flexibility**
- **Enhance Business Practice**
- **Emphasize Evolutionary Acquisition**
- **Integrate Acquisition Business Model with transformed Requirements Generation System**

# Streamlined Policy

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# Increased Flexibility

- **PM determines what information is required to satisfy regulatory requirements**
- **MDA may tailor (with some exceptions) regulatory information requirements**
- **MDA resolves issues regarding Guidebook expectations**

***The Opportunity to Be Innovative***

# Enhanced Business Practice

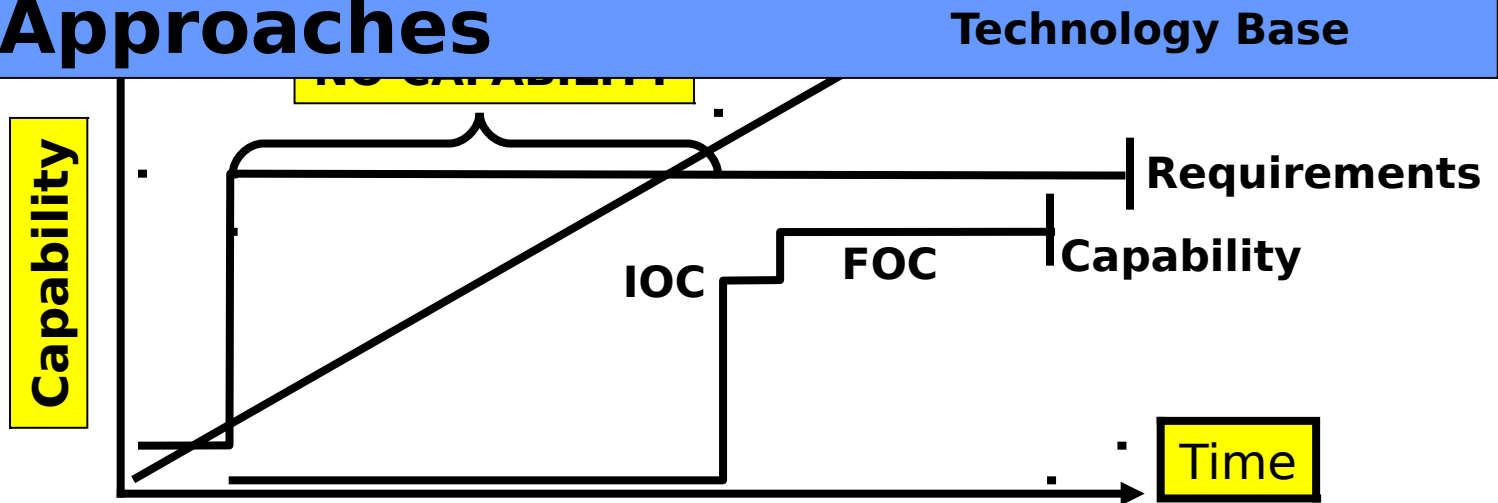
- Institutionalized *Acquisition of Services Policy*
- *Streamlined* Clinger-Cohen Act Compliance Procedure
- Improved Oversight of *Financial Management Information Systems* (and related systems)
- Increased Emphasis on *Supportability*
  - Human Systems Integration, Information Assurance, Sustainment, Anti-Tamper, Spectrum Certification, etc.
- *Design Readiness Review* to assess progress during the System Development and Demonstration Phase
- SAE determination of *Operational Test Readiness*

# Evolutionary Acquisition

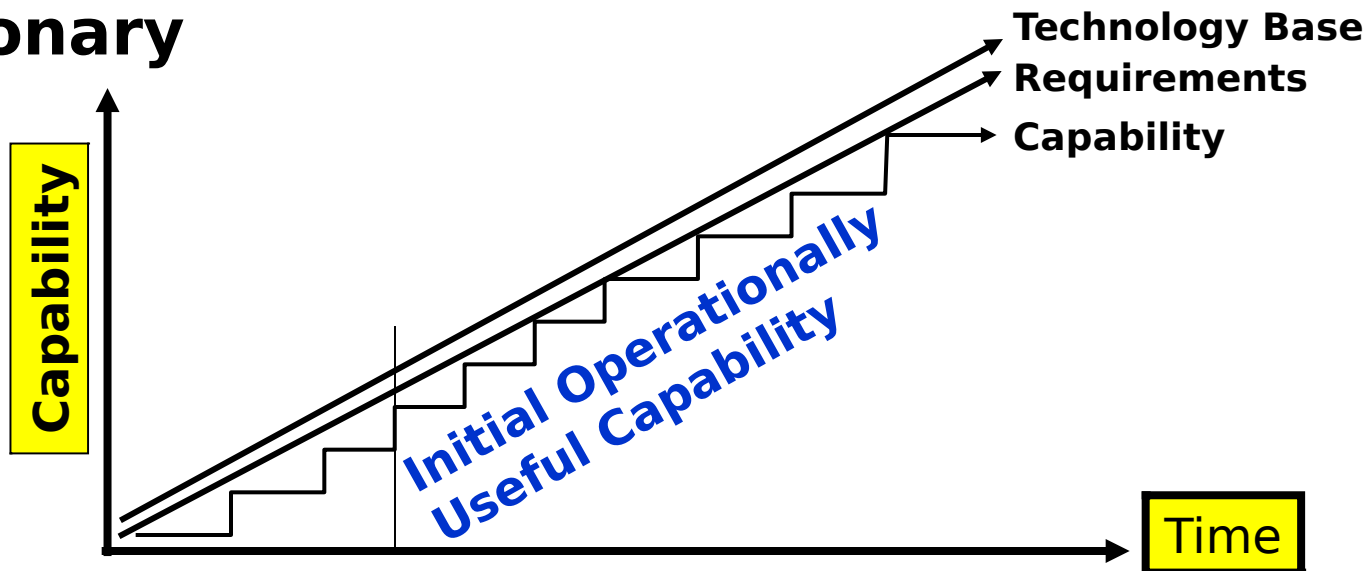
- Two development processes to implement Evolutionary Acquisition Strategy
  - Incremental Development: End-state requirement is known, and requirement will be met over time in several increments
  - Spiral Development: Desired capability is identified, but end-state requirements are not known at Program Initiation. Requirements for future increments dependent upon technology maturation and user feedback from initial increments
- Evolutionary acquisition strategies shall be preferred approach to satisfying operational needs.
- Spiral development shall be the preferred process.

# Single Step & Evolutionary Approaches

Single Step

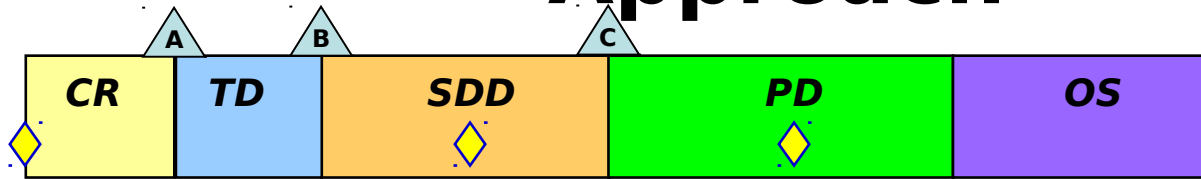


Evolutionary





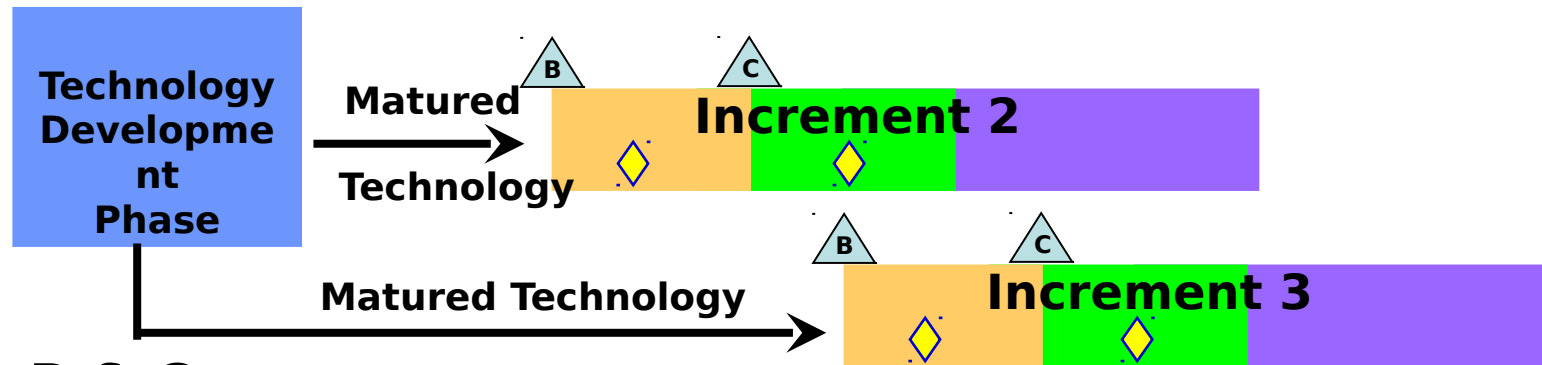
# Evolutionary Approach



## Key Enablers

- Time-Phased Requirements
- A Modular Open Systems Approach to facilitate Technology Insertion
- Evolutionary Sustainment Strategies
- T&E Consistent with Evolutionary Approach
- Full Funding

# Each EA Increment Must Have...



## • Milestone B & C

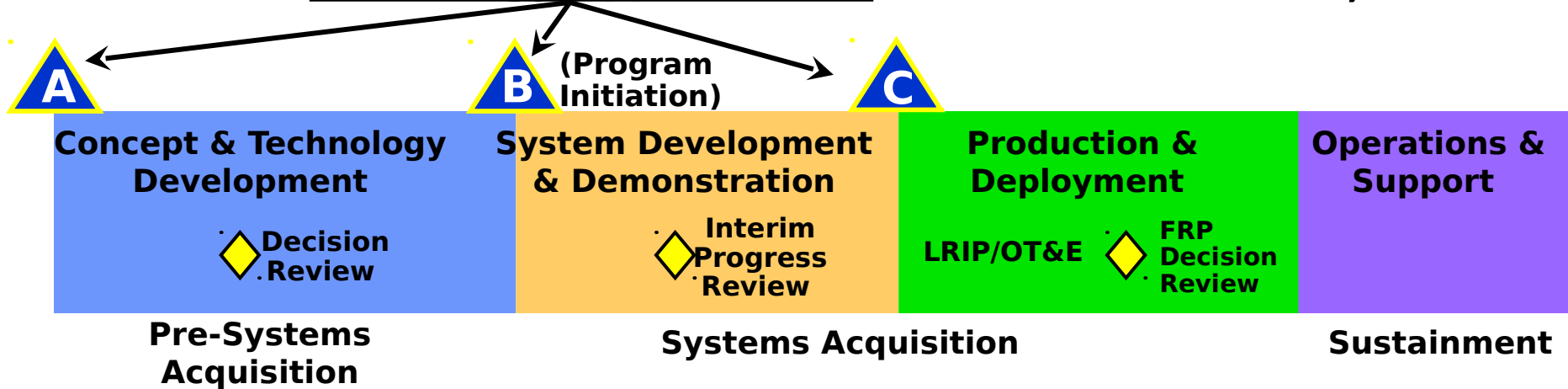
- Capabilities Development & Production Document (CDD/CPD )
- Performance, Cost and Schedule Goals (Acquisition Program Baseline)
- Operational and Live Fire Testing (If Required)
- Compliance with Acquisition Oversight Requirements
- Acquisition Strategy that reflects consideration of:
  - Logistics Planning;
  - Manpower, Personnel and Training;
  - Environmental and Security Factors;
  - Protection of Critical Program Information;
  - Spectrum Management

**Increments are Related, but Separate Acquisitions**

# The Defense Acquisition Management Framework

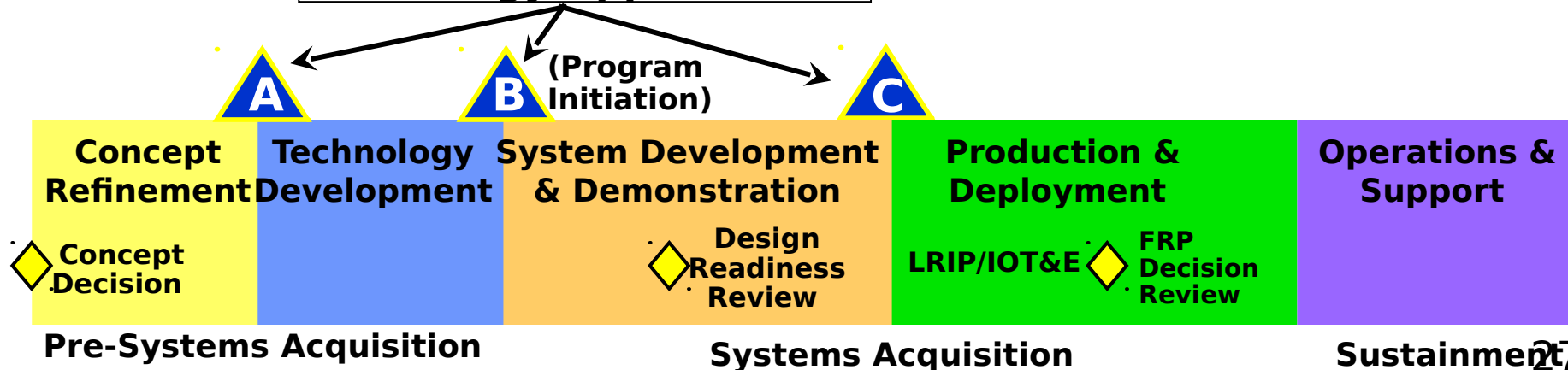
DoDI 5000.2, Oct 2000

User Needs & Technology Opportunities



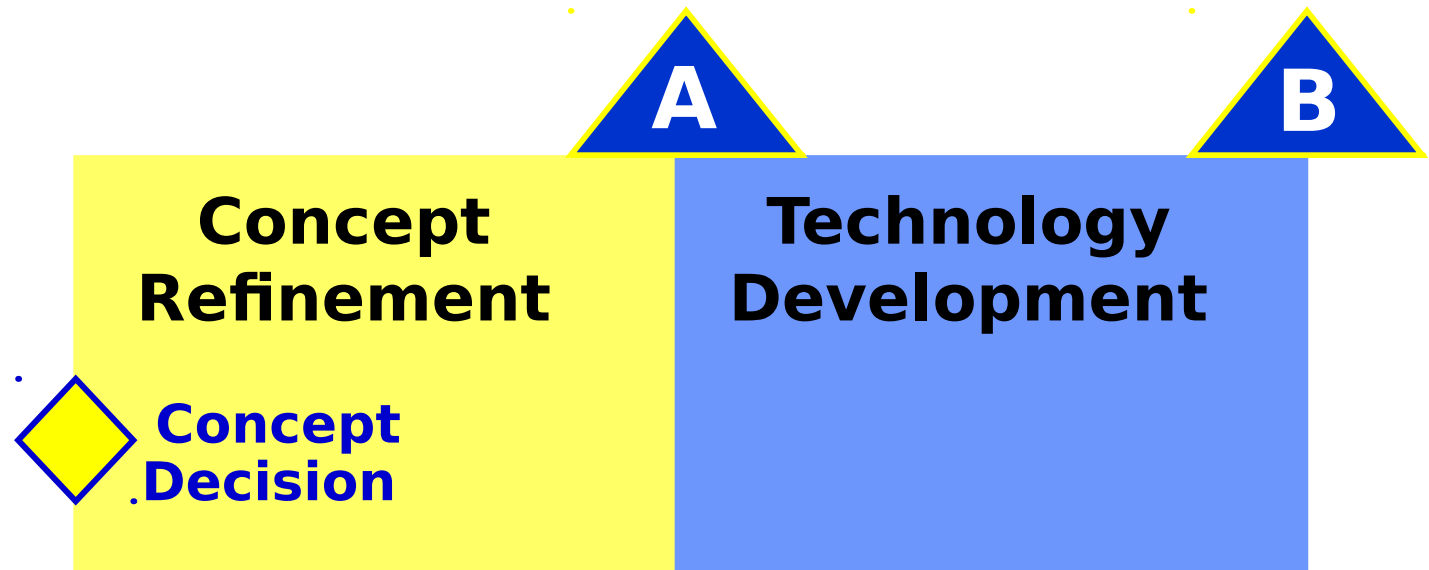
DoDI 5000.2, May 2000

User Needs & Technology Opportunities



# **The Defense Acquisition Management Framework**

**DoDI 5000.2, May 2003**

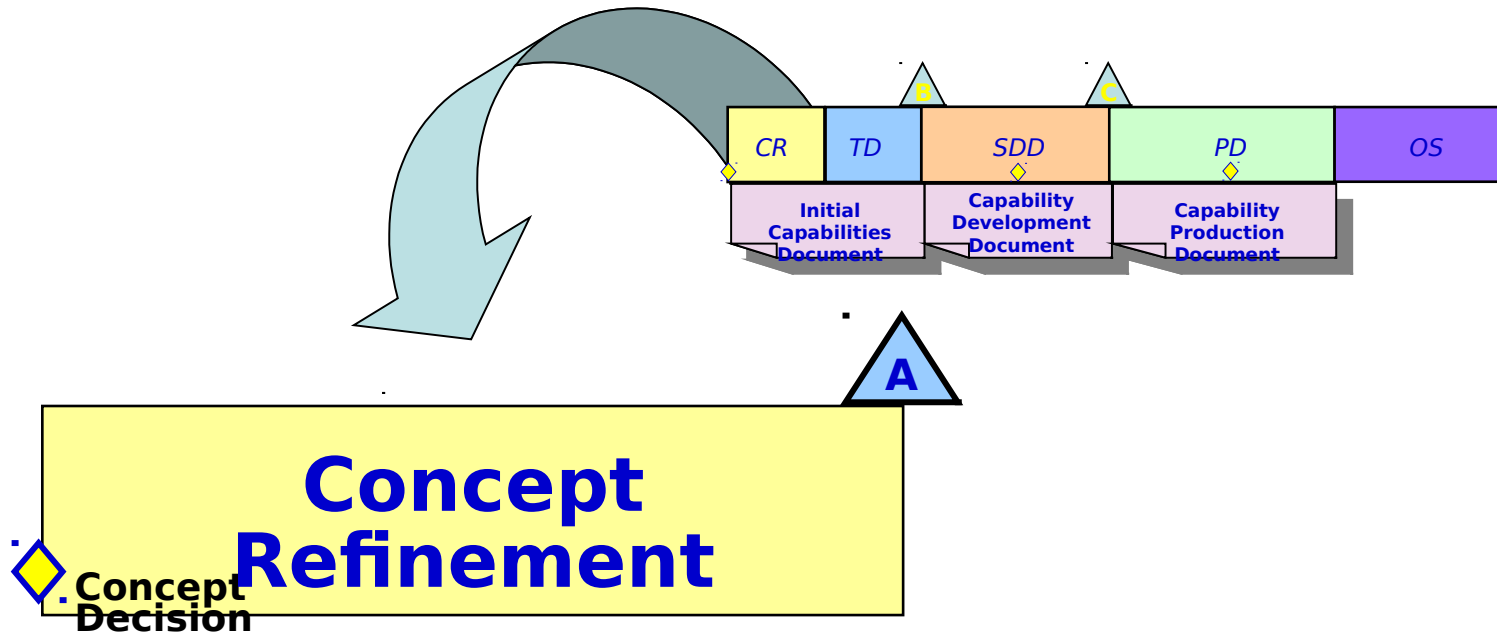


## **Pre-Systems Acquisition**

**Most impact -**

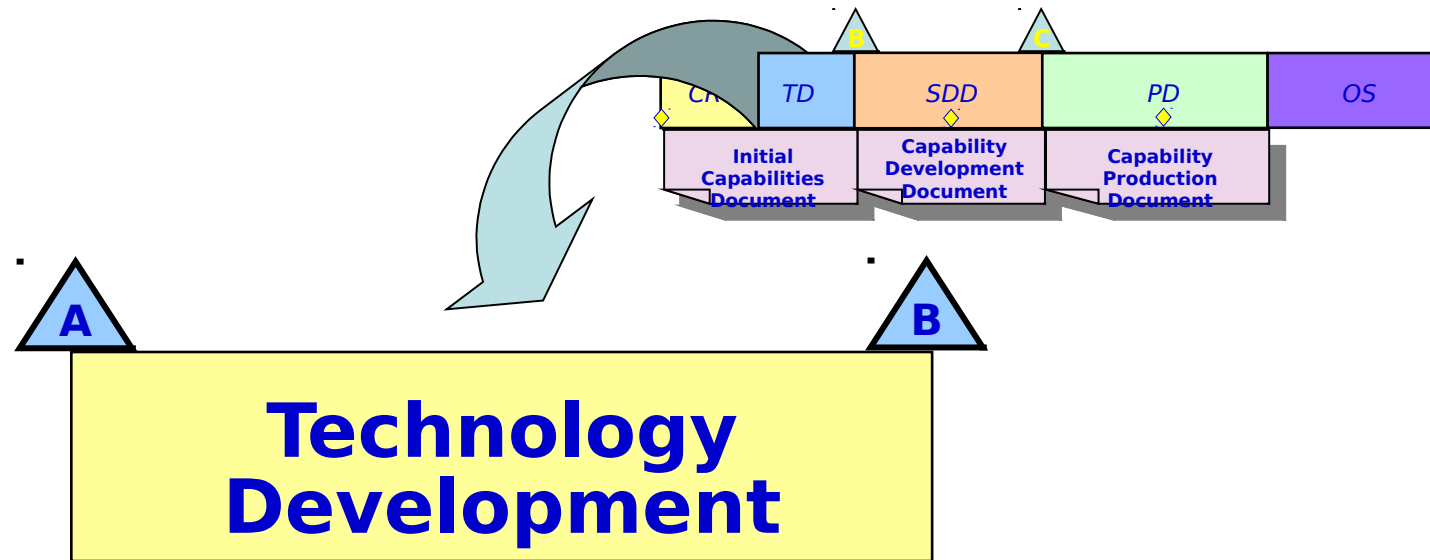
- **Concept & Technology Development now two distinct phases**
- **Concept Decision new decision point driven by Joint Staff requirements for “capabilities analysis”**
- **Analysis of Alternatives due at Milestone A**

# Concept Refinement



- **Purpose**. Refine the initial concept and develop a Technology Development Strategy (TDS)
- **Entrance Criteria**. Approved Initial Capabilities Document (ICD); approved plan for conducting an analysis of alternatives (AoA); phase funding
- **Exit**. MDA-approved preferred solution and TDS

# Technology Development

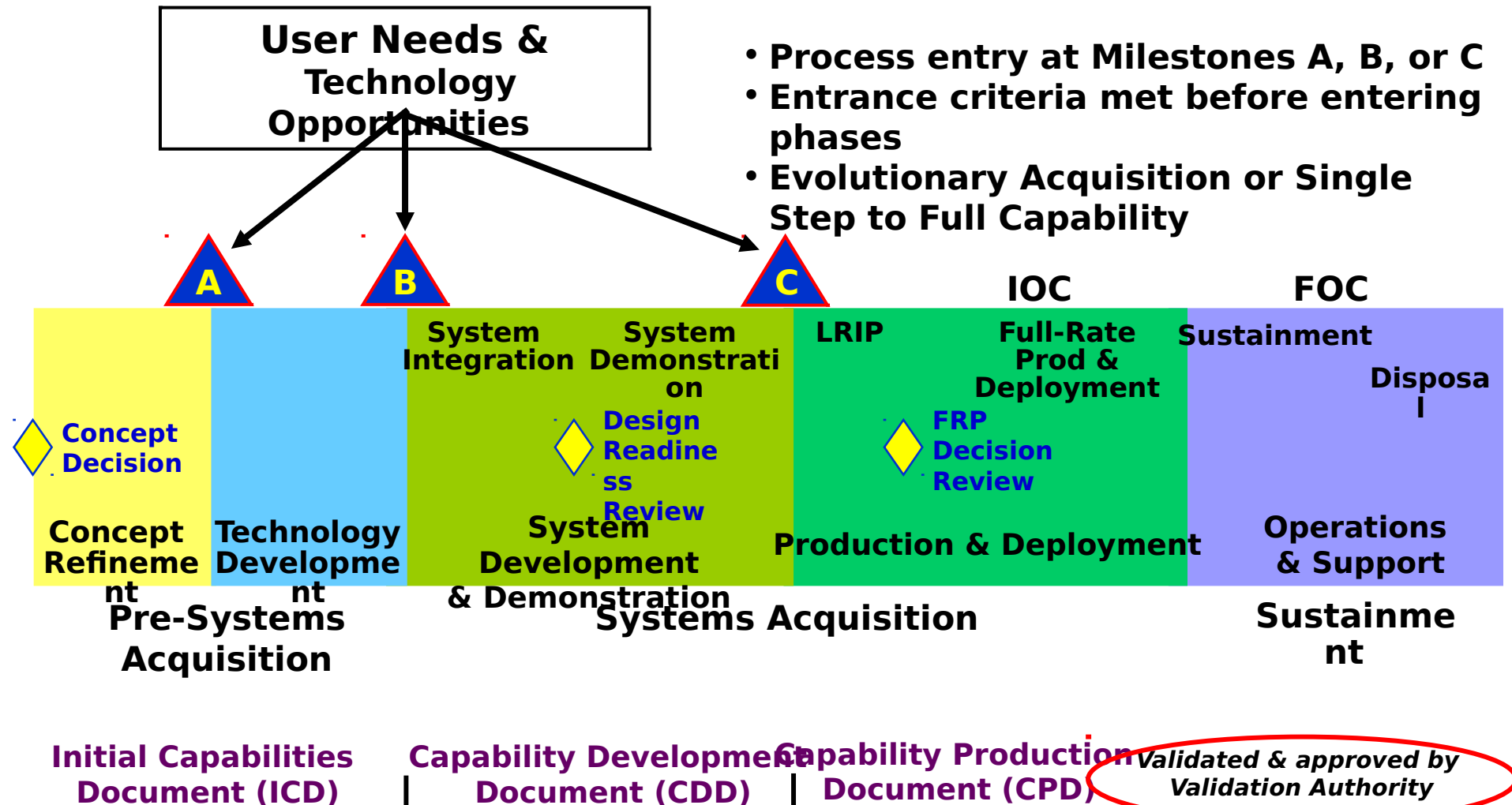


- **Purpose.** Reduce technology risk; determine the appropriate technologies to be integrated into a full system
- **Entrance criteria .** MDA - approved Technology Development Strategy TDS; phase funding
- **Exit .** Affordable increment of militarily - useful capability with technology demonstrated in a relevant environment, and a system that can be developed for production within a short timeframe.

# **Technology Development Strategy (TDS)**

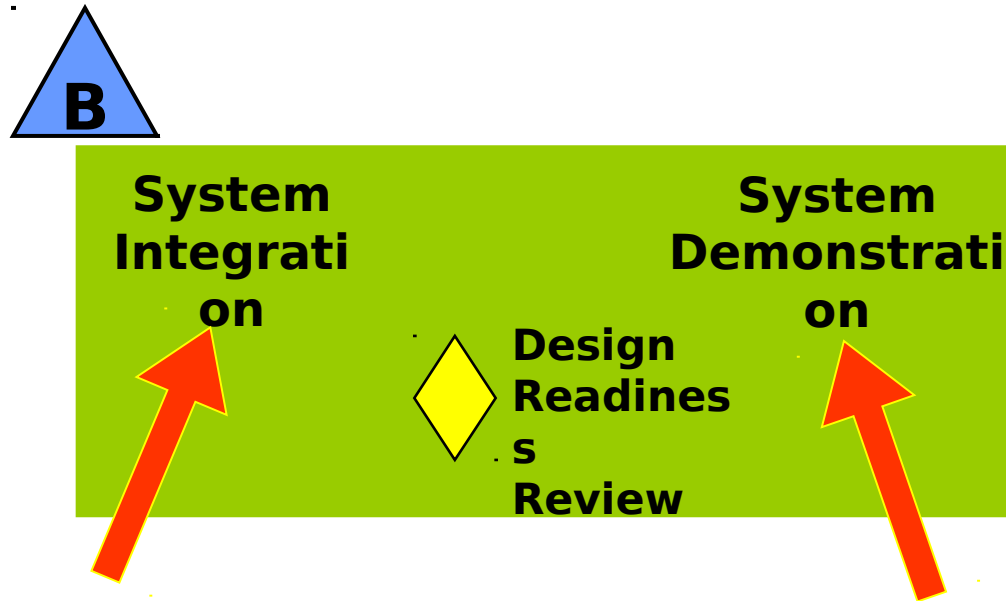
- **ACAT I and IA require TDS. Based on AoA results**
- **Contents:**
  - **Rationale for EA or single-step strategy**
  - **For EA, description of how program will be divided into technology spirals & development increments**
  - **Appropriate limits on prototypes produced and deployed during the TD Phase**
  - **Performance Goals and Exit Criteria to be met prior to proceeding into SDD and producing additional prototypes**
  - **Overall cost, schedule and performance goals for the total R&D effort**
  - **Specific cost, schedule and performance goals and exit criteria for the first technology spiral**

# The Defense Acquisition Management Framework





# System Development & Demonstration



## System Integration

Enter: PM has technical solution but has not integrated subsystems into complete system; approved CDD

### Activities:

- System Integration of demonstrated subsystems and components
- Reduction of integration risk
- DT/EOA/preliminary LFT&E

## System Demonstration

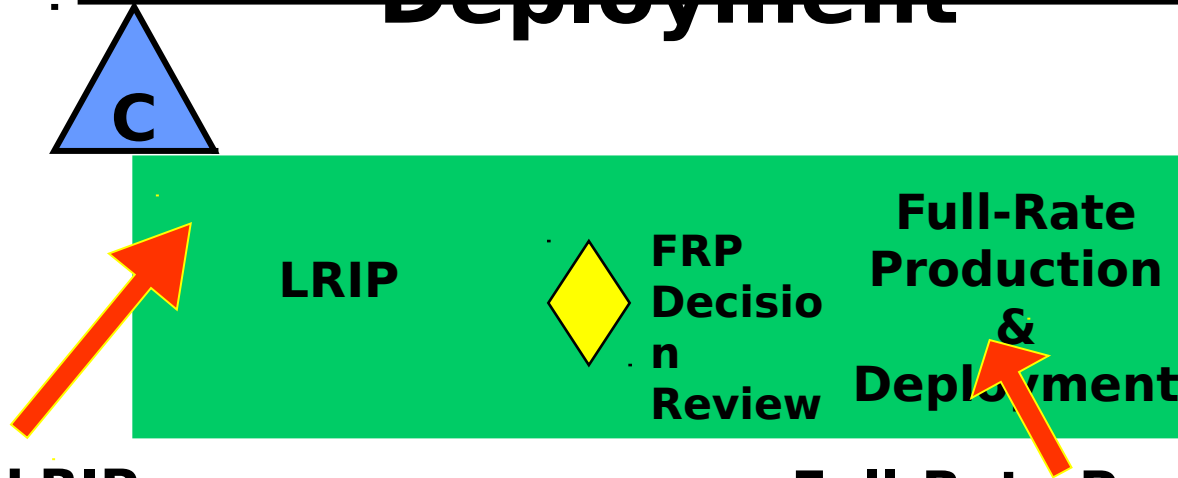
Enter: Prototypes demonstrated in intended environment

### Activities:

- Complete system demonstration
- DT/OA/OT and preliminary LFT&E

Exit: System demonstration in intended environment using

# Production & Deployment



## LRIP

**Enter:** System matured for production, approved CPD

### **Activities:**

- Low-rate initial production
- IOT&E
- Full-up systems level LFT&E of production-representative articles
- Establish full manufacturing capability

**Exit:** System operationally effective, suitable and ready for full rate production

## Full-Rate Production & Deployment

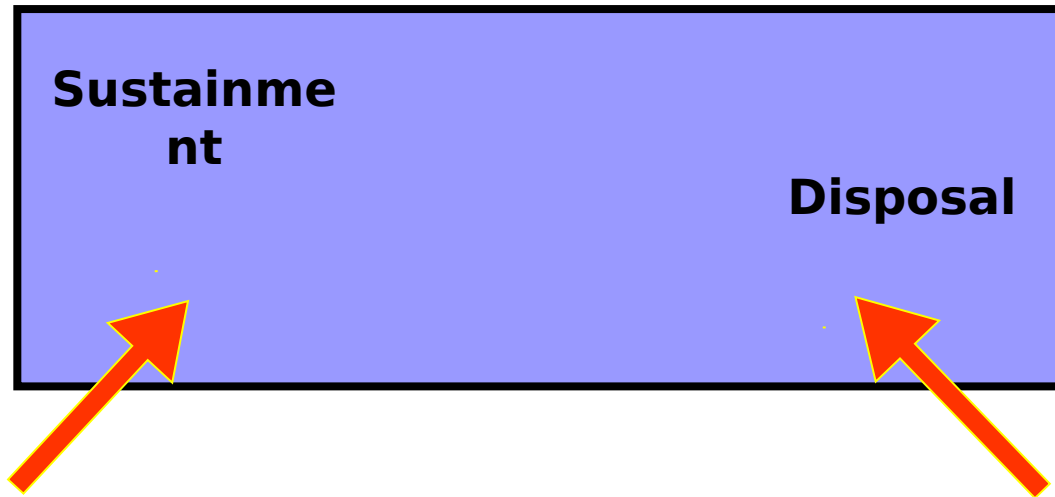
**Enter:** Deployment

- Demonstrated control of manufacturing process
- Satisfactory IOT&E: Beyond LRIP Report to Congress for ACAT I
- Full-up systems level LFT&E (covered systems) & report to Congress

### **Activities:**

- Full rate production
- Deploy system
- Start support

# Operations & Support



## Sustainme

**Sustainment starts immediately upon fielding or deployment.**

### Activities:

- Maintain readiness and operational capability of deployed system(s)
- Execute operational support plans
- Conduct modifications and upgrades to hardware and software

## Disposal

### Demilitarization & Disposal Activities:

- Demilitarize and dispose of systems IAW legal and regulatory requirements, particularly environmental considerations
- Use Defense Reutilization and Marketing Office support, as appropriate

# **New/Revised from Previous Policy (DoDI 5000.2)**

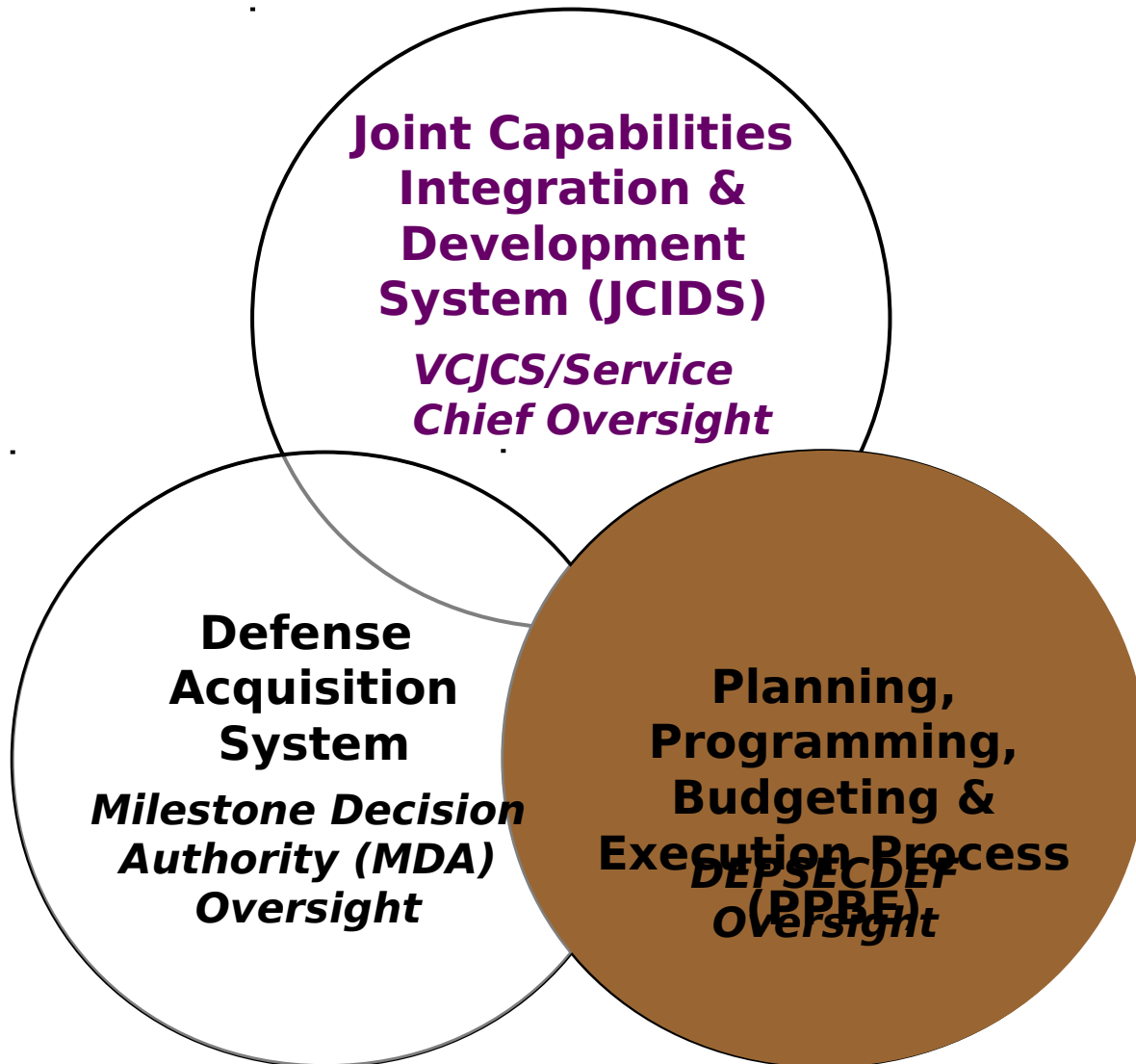
- Establishes Information Technology Acquisition Board (ITAB)
  - Previous MAISRC – DAB counterpart for MAIS programs)
- Designates “special interest” reason for ACAT designation
- Requires SAE (vice Developing Agency) to certify readiness for IOT&E for programs on the OSD T&E Oversight List
- Added procedures for oversight of acquisition of services
- Added new report: Software Resources Data Report

# Defense Acquisition Management Framework

## Key Points

- **Evolutionary acquisition** is the preferred strategy for rapid acquisition of mature technology; **spiral development** is the preferred process
- MDA may authorize entry at any point consistent with phase-specific entrance criteria and statutory requirements
- Non-mandatory guidance on best practices, lessons learned and expectations are available in the Interim Guidebook (former DoD 5000.2-R)
- Requirements documents replaced by Capability documents (ICD, CDD, & CPD)

# Acquisition Decision Support Systems In Transformation



## **FY 2004-2009 Defense Planning Guidance**

- **“The Department’s current planning, programming, budgeting and acquisition systems are rigid, unresponsive and ill-suited for a dynamic and uncertain security environment.**
- **DoD needs to streamline and integrate PPBS and the major acquisition and requirements processes with particular attention paid to those areas where technological change occurs most rapidly.”**
- **Tasked the Senior Executive Council to provide a systematic approach for replacing these processes**

# **Old Process: Annual, Consecutive-Phase PPBS**

- **FY 02-07 POM and prior:**
  - **Defense Planning Guidance (DPG) (Apr)**
  - **Programming (POM Development) (Jan - Sep)**
  - **Budgeting (BES Development / Review) (May - Dec)**
  - **Submission of President's Budget (Feb)**
  - **Congressional Review of Budget Request (Feb - Sep)**
  - **Congressional Authorization and Appropriation**
  - **Execution of Budget Authority**
    - **Commit, obligate, expend, and outlay funds**



# **Management Initiative Decision (MID) 913**

## **Major Initiatives:**

- **Quadrennial Defense Review (QDR) shifted from the first to the second year of a new administration**
- **Move to a two-year cycle**
- **Enhanced Planning Process: Strategic Planning Guidance (SPG) and Joint Programming Guidance (JPG) replace DPG**
- **Off-year SPG/DPG is optional (at the discretion of SECDEF)**
  - **Will not introduce major changes in off-year**
- **Off-year review focus on execution and performance**
- **Create a single standardized programming and budgeting system for data collection and management**
- **Incorporate metrics and cost models**
  - **Focus on outputs: what are we getting for our money?**
- **Over time, metrics will become the analytical underpinning to ascertain whether the appropriate allocation of resources exists**

# **Defense Planning Corresponding to Four-Year Presidential Terms**

## **Year 1 (Review and Refinement):**

**Early National Security Strategy (NSS)**

**Off-year SPG/JPG as required (at discretion of SECDEF)**

**Limited Changes to Baseline Program**

## **Year 2 (Formalize the Agenda):**

**Quadrennial Defense Review (QDR)**

**- Aligned with PB submission in second year of an administration**

**Fiscal Guidance Issued**

**On-year SPG/JPG (implementing QDR)**

**POM/BES Submissions**

## **Year 3 (Execution of Guidance):**

**Off-year SPG/JPG as required (at discretion of SECDEF)**

**Limited Changes to Baseline Program**

## **Year 4 (Ensuring the Legacy):**

**Fiscal Guidance Issued**

**On-year SPG/JPG (refining alignment of strategy and programs)**

# Planning, Programming, Budgeting and Execution

- Primary Resource Management System for DoD:
  - Articulates strategy
  - Identifies size, structure and equipment for military forces
  - Sets programming priorities
  - Allocates resources
  - Evaluates actual output against planned performance and adjusts resources as appropriate

# Planning, Programming, Budgeting and Execution Phases

- **Planning**
  - Assess capabilities / review threat
  - Develop resource informed guidance
- **Programming**
  - Turn guidance into achievable, affordable packages
  - Six-year program (Future Years Defense Program)
- **Budgeting**
  - Assess for efficient funds execution
  - Scrub budget years
  - Prepare defensible budget
- **Execution Review (incorporated in program/budget review)**
  - Develop performance metrics
  - Assess actual output against planned performance
  - Adjust resources to achieve desired performance goals

# DEPSECDEF Direction for FY 2005 - 2009 Submission

- **No DPG-05**
  - **Components comply with DPG-04 and PDM direction**
- No FY05-09 Program Objective Memorandum (POM) or Budget Estimate Submission (BES) submittal to OSD
- Components instead submit Program Change Proposals (PCPs) or Budget Change Proposals (BCPs)
  - **Both BCPs and PCPs will be cost neutral (offsets required)**
  - **PCPs resolved thru Program Decision Memorandums (PDMs)**
  - **BCPs resolved thru Program Budget Decisions (PBDs)**

# **Program Change Proposals (PCPs)**

- **Identify areas to take additional risk (offsets)**
  - **Offsets may be used for other initiatives**
- **Limited to items that exceed \$250 million across FYDP**
  - **Threshold at individual programmatic issue level**
  - **May address smaller issues if serious programmatic problem**
  - **If less than \$250 million, may submit as BCP if budget year is affected**
- **Must comply with PDM decisions**
- **Combatant Commanders may submit up to six prioritized PCPs regardless of dollar value**
- **Full budgetary data submitted for accepted PCPs**

# **Budget Change Proposals (BCPs)**

- **Generally limited to fact-of-life changes:**
  - **Cost increases**
  - **Schedule delays**
  - **Management reform savings**
  - **Workload changes**
  - **Budget execution experience**
  - **Congressional action**
- **May involve FYDP years if total cost is less than \$250 million and budget year is affected**
- **Offsets required**
- **Backed up with appropriate budget exhibits**

# FY 2005 - 2009 Program/Budget Schedule

- Aug 1 PCPs due to OSD (PA&E)
- Aug 15 PCP Dispositions issued
- Sep 1 Detailed info submitted for accepted PCPs
- Oct 1 BCPs due to OSD (Comptroller)
- Nov 1 PDM issued
- Nov 21 1st Round PBDs completed
- Nov 24 Top line guidance from OMB
- Dec 9-10 Major Budget Issues
- Dec 12 Final FY 2005 Budget Decisions
- Dec 19 FY 2005 President's Budget Lock
- Jan/Feb Lessons Learned



# **Final Thoughts..... Deliver Advanced Technology Faster**

- **Improved integration of business practice**
- **Focus on Joint Capabilities**
- **Flexible, outcome-based, Acquisition Management Framework**
- **PPBE Interface aligned with JCIDS and Acquisition Process**

***Improved Business Practices meet the 21<sup>ST</sup> Century Challenge***

# ADDITIONAL RESOURCES

- **DoD 5000 RESOURCE CENTER** (<http://dod5000.dau.mil>)
  - Includes:
    - **Joint Capabilities Integration and Development System (JCIDS)**
      - Instruction (CJCSI 3170.01D) and Manual (CJCSM 3170.01A)
      - Overview Video (J-8)
      - JCIDS Brief
    - **Defense Acquisition System**
      - Directive (DODD 5000.1) and Instruction (DODIO 5000.2)
      - Overview Video (DPAP)
      - Summary Brief
      - Tutorial, Frequently Asked questions, Terminology
- **OSD PA&E Website**  
(<http://www.ra.pae.osd.mil/pr/index.htm>)